

DEPARTMENT OF WORKFORCE DEVELOPMENT  
DIVISION OF WORKFORCE SOLUTIONS  
ADMINISTRATOR'S MEMO SERIES

ACTION 03-17

ISSUE DATE: 09/11/2003  
DISPOSAL DATE: 09/30/2004

RE: \$2.6 M REDUCTION AND  
REALLOCATION FOR W-2  
AND RELATED  
PROGRAMS CONTRACT  
FOR 2002-03

To: W-2 Agency Directors

From: Bettie A. Rodgers /s/  
Division Administrator

## PURPOSE

To communicate the decision for implementing the \$2.6M reduction and reallocation in the W-2 and Related Programs Contract for the last six-months of the 2002-03 contract period.

As a result of Act 33, the Biennial Budget for SFY 2003-05, DWS is required to adjust the 2002-03 W-2 and Related Programs contract allocations as follows:

Administration	\$ 9,000	0.02%
Services	\$(10,363,300)	-6.79%
Benefits	<u>\$ 7,694,500</u>	7.73%
	\$ (2,659,800)	

This is a net reduction of \$2,659,800.

## ADJUSTMENT METHODOLOGY

The Division considered input from the Contracts Subcommittee of C & I in making the decision about how to implement the reduction. The subcommittee recommended a focus on underspending.

The Department applied the projection model that was prepared by the Legislative Fiscal Bureau for the Joint Committee on Finance decision determining contingency funding to the

2002-03 W-2 and Related Programs Contract allocations for benefits, services and administration.

Administration and Services projections were made using the contract to date monthly average for the remainder of the contract. Benefits were projected through December 31, 2003 by taking the average of the most recent three months of expenditures (April, May June 2003). The funds available were then reallocated based on each W-2 area's share of the projected expenditures. In the event projections exceeded an individual agency's 15-20% Administration amount, the Administration re-allocation was maintained at the agency's current Administration percentage of the contract. See the attachment for details on the W-2 contract adjustments.

## **MILWAUKEE**

DWD will de-obligate and re-obligate funds in Milwaukee based on projected year-end costs to ensure continuous quality service and to avoid interruption in service delivery. Please continue to work with the Milwaukee Regional Office on year end and transition issues.

## **CONTRACT AMENDMENTS**

Contract amendments are being prepared that reflect the results of these projections.

## **PLAN MODIFICATIONS**

Per the 2002-03 W-2 and Related Programs Contract Section, 7.2, plan modifications will be due to the Contract Manager. See excerpt below:

### **7.2 Biennial Budget Bill**

W-2 agencies will be required to submit a detailed W-2 agency Plan Modification (subject to the review and approval of the Department's Contract Manager) within thirty (30) calendar days after the Department's issuance of notification of changes in the 2002-2003 Biennial Budget. The Plan Modification must include appropriate implementation and/or coordination strategies which the W-2 agency will enact to successfully implement any new Biennial Budget mandates.

As guidance for your planning, please note that the Department prefers reducing an activity over eliminating it. Plan modifications would apply to subcontracts, the number of staff positions (half-time vs. full-time positions), the special services available to participants and the hours and locations of services.

## **FUTURE ADJUSTMENTS**

The Department will look at under spending in the 2002-03 W-2 and Related Programs Contract later this fall and will re-allocate funds to areas of need.

## **CONTACT FOR QUESTIONS**

If you have any questions about this memo, please contact Jacquie Piraino at 608-266-3804 or [jacquie.piraino@dwd.state.wi.us](mailto:jacquie.piraino@dwd.state.wi.us).

REGIONAL OFFICE CONTACT: Area Administrator (Department's Contract Manager)

Attachment